

# Minneapolis Trends

*A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis*



second quarter 2016

## Highlights for the second quarter of 2016

	2Q-16	change from	
		1Q-16	2Q-15
Labor force	235,826 residents	▲	▲
Residents employed	228,133	▲	▲
Unemployment rate	3.3%	▼	▼
New residential permitted units	236 units	▼	▼
Permitted residential conversions, remodels and additions	207 buildings \$ 40.7 million	▲ ▼	▼
Permitted non-residential conversions, remodels and additions	198 buildings \$ 164.8 million	▲ ▲	▼ ▼
Residential units demolished	36 units	▲	▼
Rental vacancy rate	3.7 %	▼	▼
Average rent in inflation-adjusted dollars	\$ 1,264	▲	▲
Residential units sold			
Traditional	1,635 units	▲	▲
Lender-mediated	106 units	▼	▼
Median sale price of residential units			
Traditional	\$ 246,950	▲	▲
Lender-mediated	\$ 105,000	▼	▼
Foreclosures	90	▼	▼
Condemned and vacant buildings	491	▼	▼
Minneapolis CBD office vacancy rate	13.2 %	▼	▼
Minneapolis CBD retail vacancy rate	12.9 %	▲	▲

## Highlights for the fourth quarter of 2015 – Jobs and wages

	4Q-15	3Q-15	4Q-14
Number of jobs	318,909 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,375	▲	▲

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second quarter 2016

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## Economic indicators

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- Average employment increased at a faster pace than the labor force over the past quarter, resulting in a decrease in the unemployment rate to 3.3%. In comparison with the same quarter last year, over 4,000 more city residents were working.
- As of the fourth quarter 2015 there were 318,909 jobs in Minneapolis. This constitutes an increase of 0.4 percent over the previous quarter, and 6,691 more jobs (2.1 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state added jobs at similar rates; 1.9 and 1.6 percent respectively.
- Average inflation adjusted wages for the fourth quarter of 2015 were up 3.7 percent from the same period a year before. Inflation adjusted wages in the metro area rose 4.8 percent and 5.4 percent at the state level during the same period.

## Labor force

During the fourth quarter 1,832 residents (a 0.8 percent increase) joined the labor force; while 2,025 more residents (a 0.9 percent increase) were working. As a result, the unemployment rate decreased from 3.4 percent in the first quarter of 2016 to 3.3 percent in the second quarter of 2016.

The metro area experienced an increase in the labor force and employment. This resulted in a decrease in the unemployment rate to 3.3 percent down from 3.7 percent in the previous quarter.

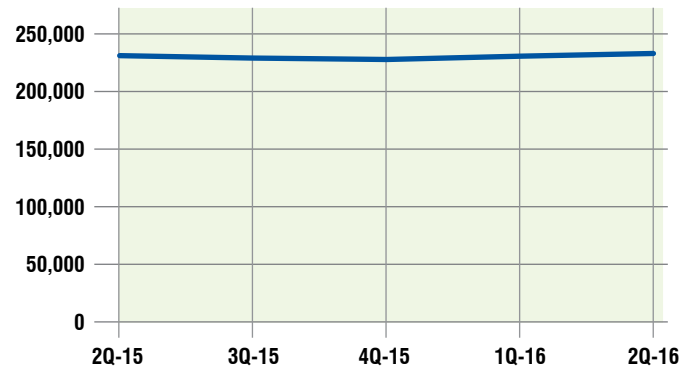
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
not seasonally adjusted

	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
<b>Minneapolis</b>					
Labor Force	232,068	231,758	229,362	233,994	235,826
Employment	223,741	223,641	222,937	226,108	228,133
Unemployment rate	3.6%	3.5%	2.8%	3.4%	3.3%
<b>Metro area</b>					
Labor Force	1,664,591	1,661,645	1,648,188	1,674,196	1,682,678
Employment	1,606,398	1,605,620	1,601,414	1,612,616	1,626,600
Unemployment rate	3.5%	3.4%	2.8%	3.7%	3.3%

Source: Minnesota Department of Employment and Economic Development (DEED)  
– Labor Market Information

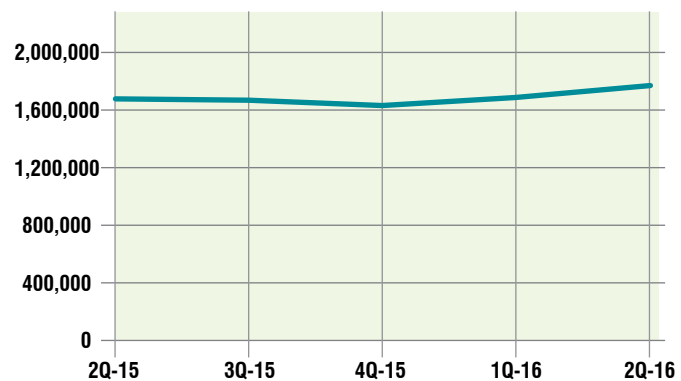
\* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT – Minneapolis**  
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)  
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT – Metro area\***  
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)  
– Labor Market Information

\* For metro area definition, see [page 12](#)

## Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis<sup>1</sup>

	4Q-2014	1Q-2015	2Q-2015	3Q-2015	4Q-2015	Change from 4Q-14 - 4Q-15
Total, All Industries	312,218	309,091	317,076	317,794	318,909	6,691
Construction	6,091	5,670	6,449	6,966	6,732	641
Manufacturing	13,192	13,335	13,462	13,479	13,408	216
Utilities	2,832	2,855	2,910	2,915	2,860	28
Wholesale Trade	8,386	8,210	8,323	8,446	8,541	155
Retail Trade	14,841	14,165	15,595	15,663	15,564	723
Transportation and Warehousing	6,826	6,604	6,398	6,226	6,674	(152)
Information	11,359	11,497	11,450	11,545	11,433	74
Finance and Insurance	27,149	27,494	27,519	28,024	26,714	(435)
Real Estate and Rental and Leasing	8,519	8,446	8,705	8,994	9,053	534
Professional and Technical Services	35,560	35,549	36,059	36,514	37,254	1,694
Management of Companies and Enterprises	17,944	18,716	18,184	16,981	16,804	(1,140)
Administrative and Waste Services	15,960	15,165	16,050	16,238	16,296	336
Educational Services	32,523	32,267	32,334	30,881	33,421	898
Health Care and Social Assistance	56,623	56,264	57,121	57,536	58,037	1,414
Arts, Entertainment, and Recreation	5,037	5,086	5,953	6,129	5,249	212
Accommodation and Food Services	26,201	25,028	26,942	27,324	27,076	875
Other Services, Ex. Public Admin	10,189	9,923	10,360	10,223	10,456	267
Public Administration	12,822	12,627	13,033	13,535	13,174	352

*Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages*

<sup>1</sup> Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

## Jobs

As of the fourth quarter 2015, the number of jobs located in Minneapolis was 318,909, a 0.4 percent increase from the previous quarter. In comparison with the same quarter in 2014, the number of jobs increased by 2.1 percent (6,691 jobs).

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

### 12 month change – 4th quarter 2014 to 4th quarter 2015

#### Sectors which gained the most jobs:

- **Construction** grew by **641 jobs**, a **10.5 percent** increase.
- **Retail Trade** grew by **723 jobs**, a **4.9 percent** increase.
- **Health Care and Social Assistance** grew by **1,414 jobs**, a **2.5 percent** increase.

#### Sectors which experienced greatest job losses:

- **Management of Companies and Enterprises** lost **1140 jobs**, a **6.4 percent** decrease.
- **Transportation and Warehousing** lost **152 jobs**, a **2.2 percent** decrease.
- **Finance and Insurance** lost **435 jobs**, an **1.6 percent** decrease.

### Quarter to quarter change – 3rd quarter 2015 to 4th quarter 2015

#### Sectors which gained the most jobs:

- **Educational Services** grew by **2,540 jobs**, an **8.2 percent** increase.
- **Transportation and Warehousing** grew by **448 jobs**, a **7.2 percent** increase.
- **Public Administration** grew by **361 jobs**, a **2.7 percent** increase.

#### Sectors which experienced greatest job losses:

- **Arts, Entertainment, and Recreation** lost **880 jobs**, a **14.4 percent** decrease.
- **Finance and Insurance** lost **1,310 jobs**, a **4.7 percent** decrease.
- **Construction** lost **234 jobs**, a **3.4 percent** decrease.

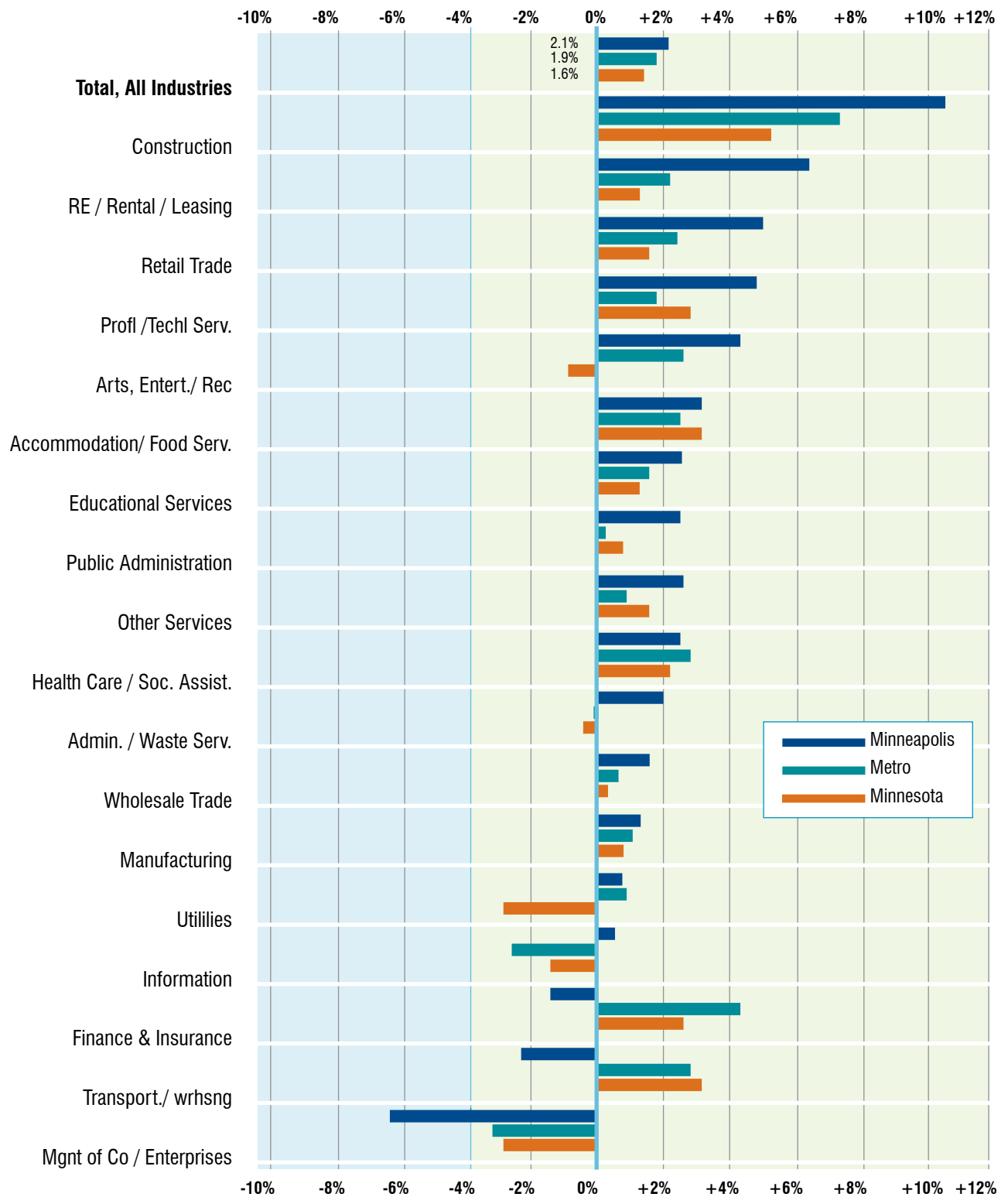
As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 2.1 percent over the previous twelve months while the metro area grew at a 1.9 percent rate and the state added jobs at a rate of 1.6 percent.

Of the sectors **posting growth** over this period, **Construction** was the fastest growing sector in the city at **10.5 percent**, while the industry also experienced growth at the Metro and state level. **Real Estate, Rental, and Leasing** and **Retail Trade** sectors also grew over the past year; at rates of **6.3 percent** and **4.9 percent** respectively.

Of the economic sectors **losing jobs** in the city, **Management of Companies and Enterprise** and **Transportation and Warehousing** saw the greatest declines.

## Jobs

Figure 3: **JOBS** —4Q-14 to 4Q-15  
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low  
For metro area definition, see [page 12](#)

## Wages

The average weekly wage in Minneapolis in the fourth quarter of 2014 was **\$1,375**, a **3.5 percent** increase in non-adjusted dollars from the previous year, and a **3.7 percent** increase when accounting for inflation.

All but two sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Arts, Entertainment, and Recreation** saw the highest average weekly wages increase at **109 dollars (10.5 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis<sup>1</sup>  
in current dollars

	4Q-2014	1Q-2015	2Q-2015	3Q-2015	4Q-2015	Change from 4Q-14 - 4Q-15
<b>Total, All Industries</b>	<b>\$ 1,329</b>	<b>\$ 1,445</b>	<b>\$ 1,255</b>	<b>\$ 1,207</b>	<b>\$ 1,375</b>	<b>\$ 46</b>
Construction	\$ 1,338	\$ 1,287	\$ 1,247	\$ 1,192	\$ 1,454	\$ 116
Manufacturing	\$ 1,249	\$ 1,190	\$ 1,141	\$ 1,110	\$ 1,244	\$ (5)
Utilities	\$ 1,903	\$ 2,748	\$ 1,884	\$ 1,763	\$ 1,951	\$ 48
Wholesale Trade	\$ 1,770	\$ 1,606	\$ 1,435	\$ 1,509	\$ 1,813	\$ 43
Retail Trade	\$ 552	\$ 563	\$ 542	\$ 561	\$ 604	\$ 52
Transportation and Warehousing	\$ 939	\$ 1,013	\$ 896	\$ 962	\$ 1,019	\$ 80
Information	\$ 1,414	\$ 1,581	\$ 1,410	\$ 1,387	\$ 1,550	\$ 136
Finance and Insurance	\$ 2,163	\$ 3,503	\$ 1,936	\$ 1,852	\$ 2,245	\$ 82
Real Estate and Rental and Leasing	\$ 1,528	\$ 2,577	\$ 1,455	\$ 1,484	\$ 1,634	\$ 106
Professional and Technical Services	\$ 2,291	\$ 1,772	\$ 1,810	\$ 1,794	\$ 2,333	\$ 42
Management of Companies and Enterprises	\$ 2,017	\$ 2,596	\$ 2,544	\$ 1,923	\$ 1,943	\$ (74)
Administrative and Waste Services	\$ 730	\$ 700	\$ 708	\$ 717	\$ 782	\$ 52
Educational Services	\$ 1,241	\$ 1,098	\$ 1,229	\$ 1,133	\$ 1,262	\$ 21
Health Care and Social Assistance	\$ 1,030	\$ 983	\$ 980	\$ 981	\$ 1,092	\$ 62
Arts, Entertainment, and Recreation	\$ 1,040	\$ 885	\$ 1,343	\$ 1,521	\$ 1,149	\$ 109
Accommodation and Food Services	\$ 419	\$ 408	\$ 412	\$ 426	\$ 461	\$ 42
Other Services, Ex. Public Admin	\$ 664	\$ 667	\$ 659	\$ 667	\$ 712	\$ 48
Public Administration	\$ 1,285	\$ 1,354	\$ 1,241	\$ 1,281	\$ 1,393	\$ 108

Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

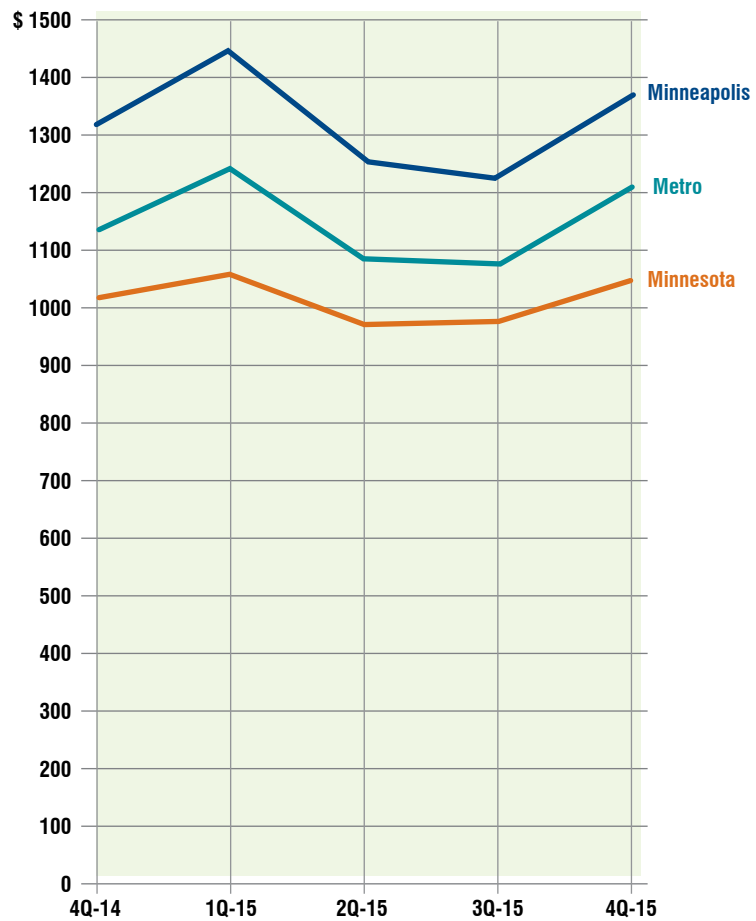
1 Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.



## Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. When compared to the same quarter last year, average weekly wages in inflation-adjusted dollars rose in the city, metro, and state geographies.

Figure 4: **AVERAGE WEEKLY WAGES – 4Q-14 to 4Q-15**  
in inflation-adjusted dollars



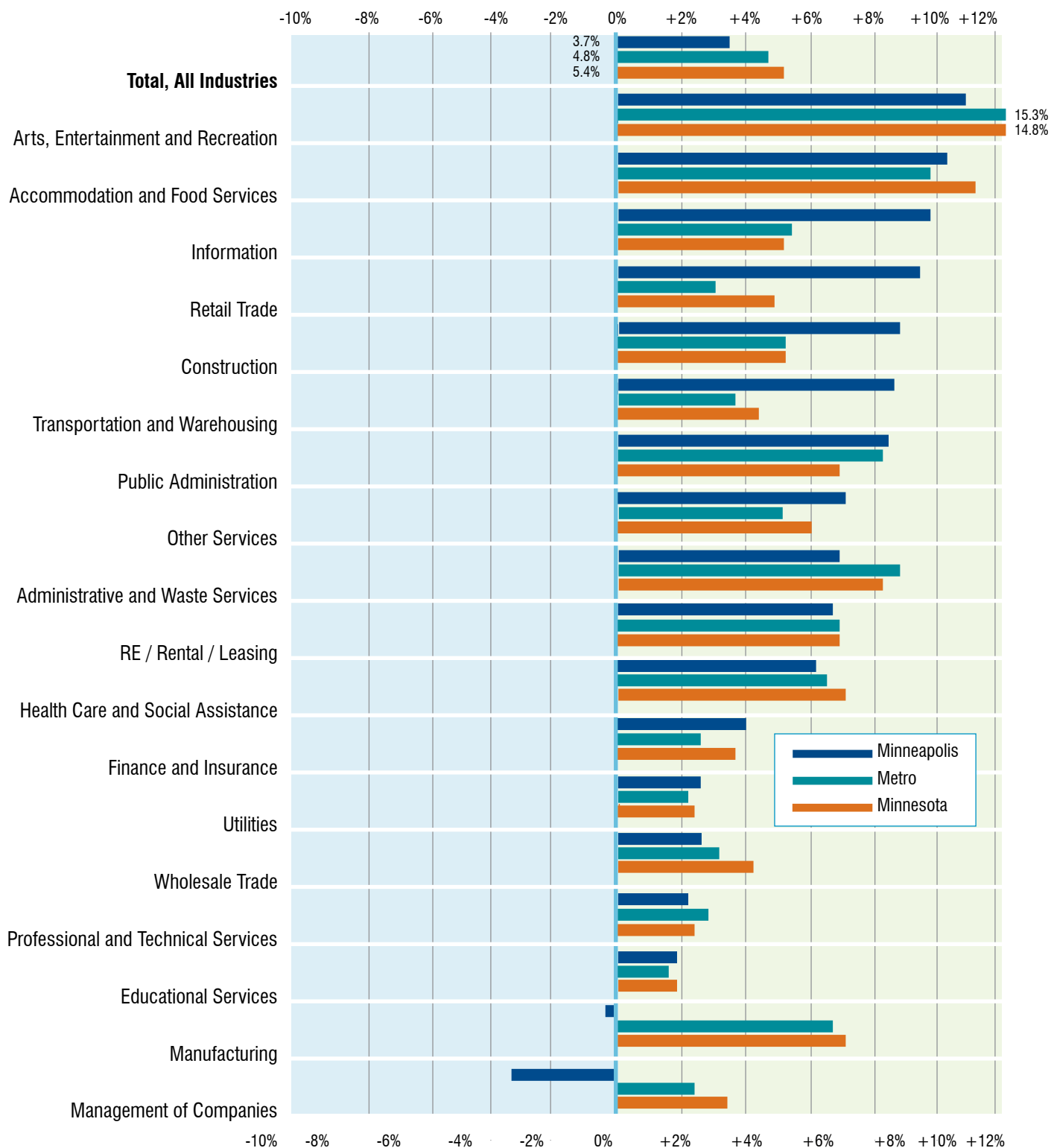
	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15	\$ change 3Q-14 to 4Q-15	% change 3Q-14 to 4Q-15
Minneapolis	\$ 1,326	\$ 1,460	\$ 1,268	\$ 1,207	\$ 1,375	\$ 49	3.7%
Metro area	\$ 1,147	\$ 1,254	\$ 1,109	\$ 1,098	\$ 1,201	\$ 54	4.8%
Minnesota	\$ 1,019	\$ 1,083	\$ 982	\$ 990	\$ 1,074	\$ 55	5.4%

Source: *Minnesota Department of Employment and Economic Development (DEED)*

For conversion factors, see [page 12](#)

## Wages

Figure 5: **AVERAGE WEEKLY WAGES** –4Q-14 to 4Q-15  
percent change in inflation-adjusted dollars\*



Source: Minnesota Department of Employment and Economic Development (DEED)

\* For conversion factors, see [page 12](#)

Minneapolis industries are sorted from high to low.

For metro area definition, see [page 12](#)

## Wages

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All but two of the sectors tracked for this report saw average *inflation-adjusted* weekly wages increase in Minneapolis this quarter. **Arts, Entertainment, and Education** saw the largest percentage increases over the previous year. In the metro and state geographies, the job sector experiencing the greatest wage growth was also **Arts, Entertainment, and Education**.

- **Arts, Entertainment, and Recreation** saw the largest increase in inflation adjusted wages in Minneapolis with **10.7 percent** growth, while wages for the industry increased at a rate of 15.3 percent in the metro and 14.8 percent at the state level.

## Definitions & sources

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**Labor Force, Employment and Unemployment:** Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

**Metro area:** The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

**Jobs and wages:** Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

**Inflation-adjusted figures:** Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the second quarter of 2015, dollars have been converted with an index reflecting the CPI for the first half of 2015 and previous quarters with 2015 as a base year for Minneapolis, metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

## Development indicators

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- **236 new construction residential units** were permitted this quarter; a decrease from the previous quarter, and a decline from the same quarter of the previous year.
- The city permitted **15.0 percent** fewer multifamily units this quarter than last quarter, and **54.0 percent** fewer permits than were issued in the same quarter of 2015.
- Forty-three residential and commercial permits valued at least \$1 million were issued this quarter, totaling \$312.8 million. The largest single project included permits for an addition to a school in Linden Hills.

## New construction

Minneapolis permitting of single-family units decreased over the previous quarter and increased when compared to the same quarter in 2015, while permitting of multi-family units decreased both over the previous quarter and when compared to the same quarter in 2015. New residential unit permitting activity in the metro area decreased over the previous quarter and when compared to the same quarter last year.

Figure 6 shows the last five quarters of new residential unit permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

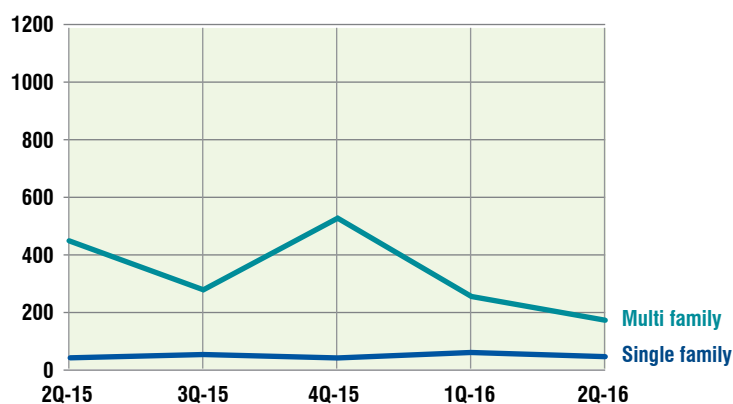
Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
<b>Single-family</b>					
City	29	39	30	42	37
Metro area	1,507	1,453	1,263	2,191	1,663
<b>Multifamily</b>					
City	433	298	541	234	199
Metro area	1,292	1,423	1,410	794	826
<b>Total Units</b>					
City	462	337	571	276	236
Metro area*	2,799	2,876	2,673	2,985	2,489

Source: U.S. Census Bureau, based on estimated number of permits with imputation

\* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area. For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



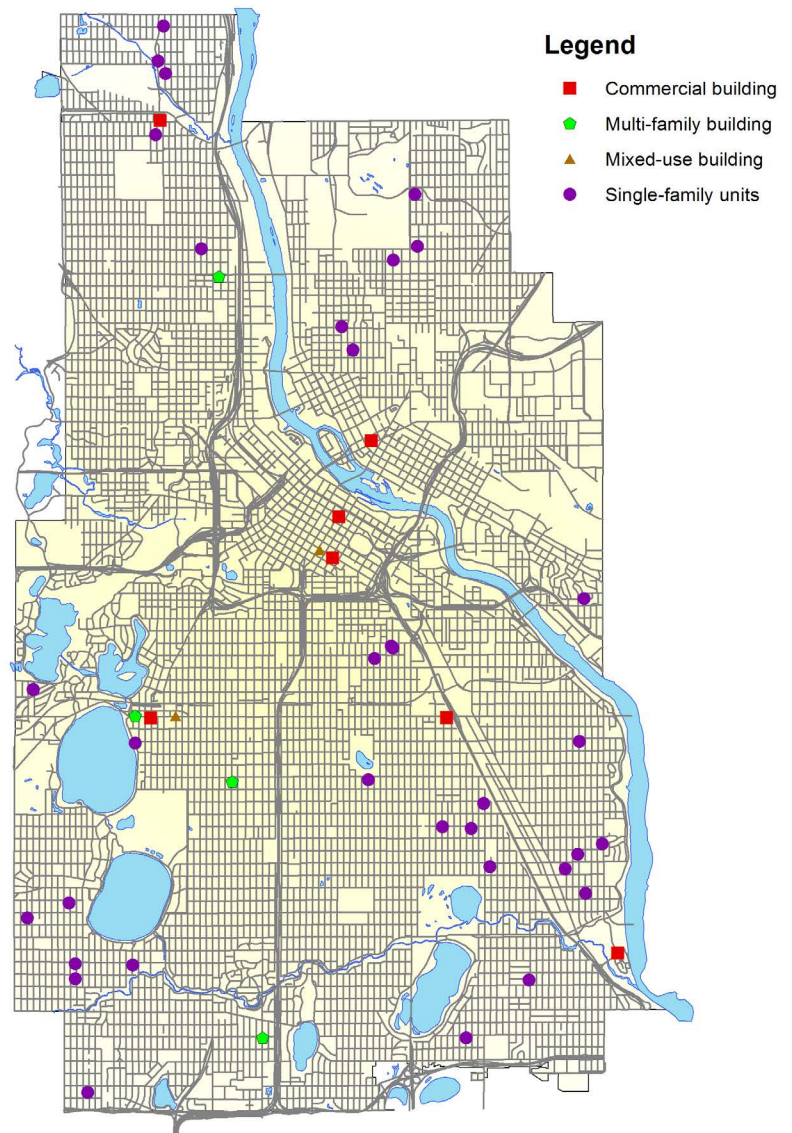
Source: U.S. Census Bureau, and Minneapolis CPED

## New construction

The thirty-seven new single-family homes permitted this quarter had estimated construction costs ranging from \$70,000 to \$849,273 with a median of \$238,303.

Map 1: **NEW CONSTRUCTION PERMITS – 2Q-16**

Source: Minneapolis CPED



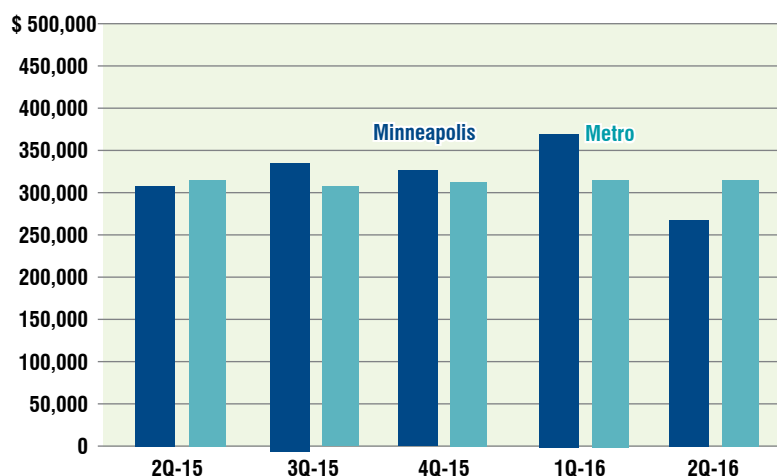
## Cost of residential construction

The thirty-seven new single-family homes permitted this quarter had estimated construction costs ranging from \$70,000 to \$849,273 with a median of \$238,303.

The average single-family construction cost in the city decreased by 31.7 percent this quarter in comparison with last quarter, and decreased 13.0 percent compared with the same quarter last year. In the metro area permitted single-family construction cost decreased by 0.5 percent over the previous quarter and increased 3.1 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units decreased in Minneapolis and in the metro when compared to the previous quarter. Construction costs also decreased in Minneapolis and the metro when compared to the same quarter from the previous year.

Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**  
per unit

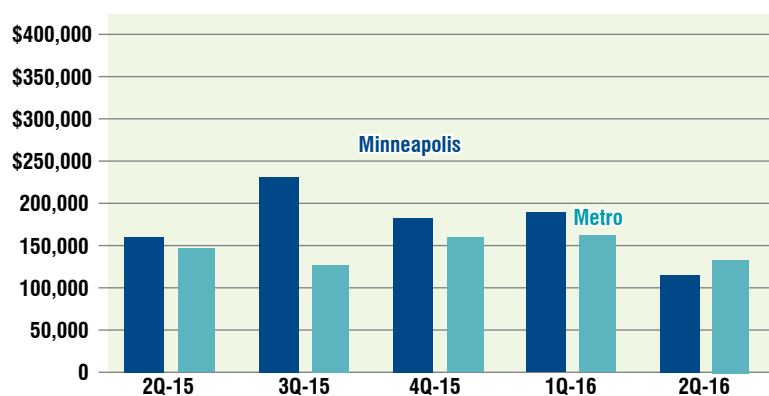


	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Minneapolis	\$ 304,458	\$ 341,429	\$ 336,295	\$ 387,930	\$ 264,901
Metro area	\$ 315,997	\$ 309,647	\$ 328,668	\$ 327,389	\$ 325,703

Source: U.S. Census Bureau

Table values are not adjusted for inflation  
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**  
per unit



	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Minneapolis	\$ 151,237	\$ 235,918	\$ 178,799	\$ 182,019	\$ 114,051
Metro area	\$ 149,944	\$ 133,897	\$ 157,721	\$ 152,222	\$ 146,105

Source: U.S. Census Bureau

Values in table are not adjusted for inflation  
For metro area definition, see [page 12](#)



## Permitted conversions, remodels & additions

The City saw an increase in the number of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter.

**Commercial** permit numbers and overall value were up when compared to the previous quarter and down when compared to the same quarter from the previous year.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**  
projects \$50,000 +

	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
<b>Remodels</b>					
Number of buildings	199	177	168	156	193
Total Value	\$ 55,055,400	\$ 27,281,733	\$ 52,565,393	\$ 59,467,781	\$ 40,068,771
<b>Conversions and additions<sup>2</sup></b>					
Number of buildings	24	11	12	13	14
Net number of units	159	-12	73	-4	1
Total value	\$ 26,007,819	\$ 392,160	\$ 20,835,000	\$ 885,350	\$ 606,000
<b>Total Residential<sup>1</sup></b>					
Number of buildings	223	188	180	169	207
Value	\$ 81,063,219	\$ 27,673,893	\$ 73,400,393	\$ 60,353,131	\$ 40,674,771
<b>Total non-residential<sup>1</sup></b>					
Number of buildings <sup>3</sup>	221	201	148	170	198
Value	\$ 258,917,219	\$ 151,974,883	\$ 62,662,540	\$ 87,543,166	\$ 164,867,914

Source: Minneapolis CPED

1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.

2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.

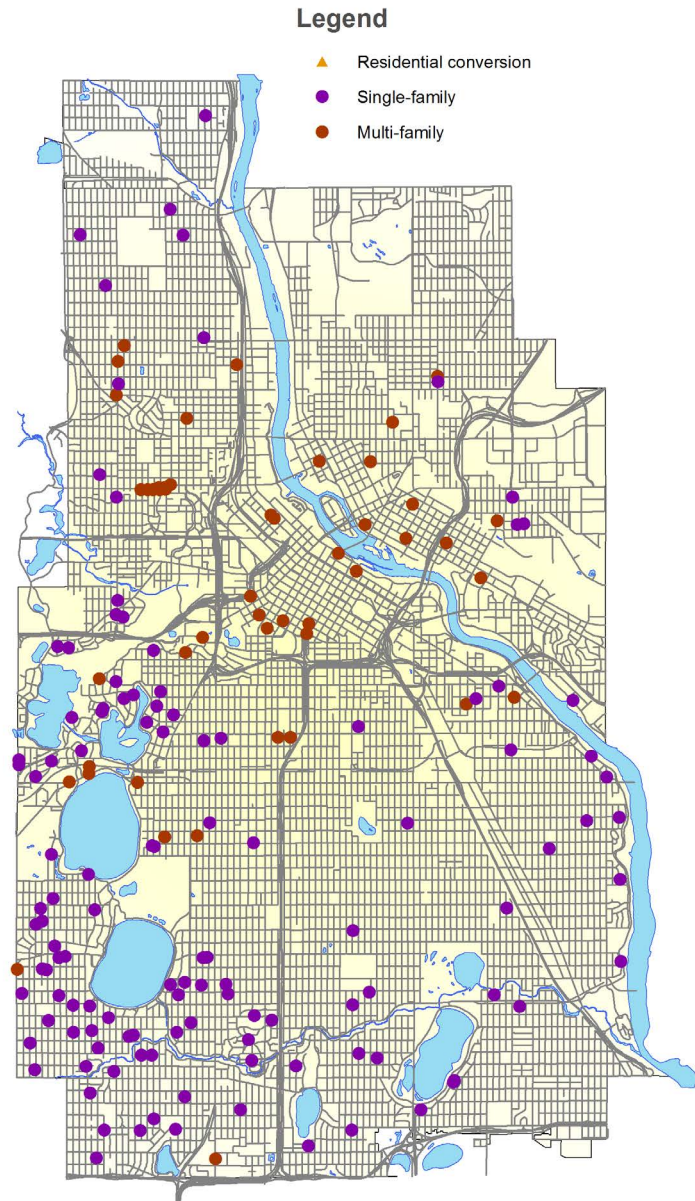
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

## Conversions, remodels & additions

Residential projects were a mix of renovations of single- and multi-family properties scattered throughout the City, with single-family concentrations in the South and Southwest sectors and multi-family projects concentrated in and near Downtown.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 2Q-16**  
projects \$50,000 +

Source: Minneapolis CPED

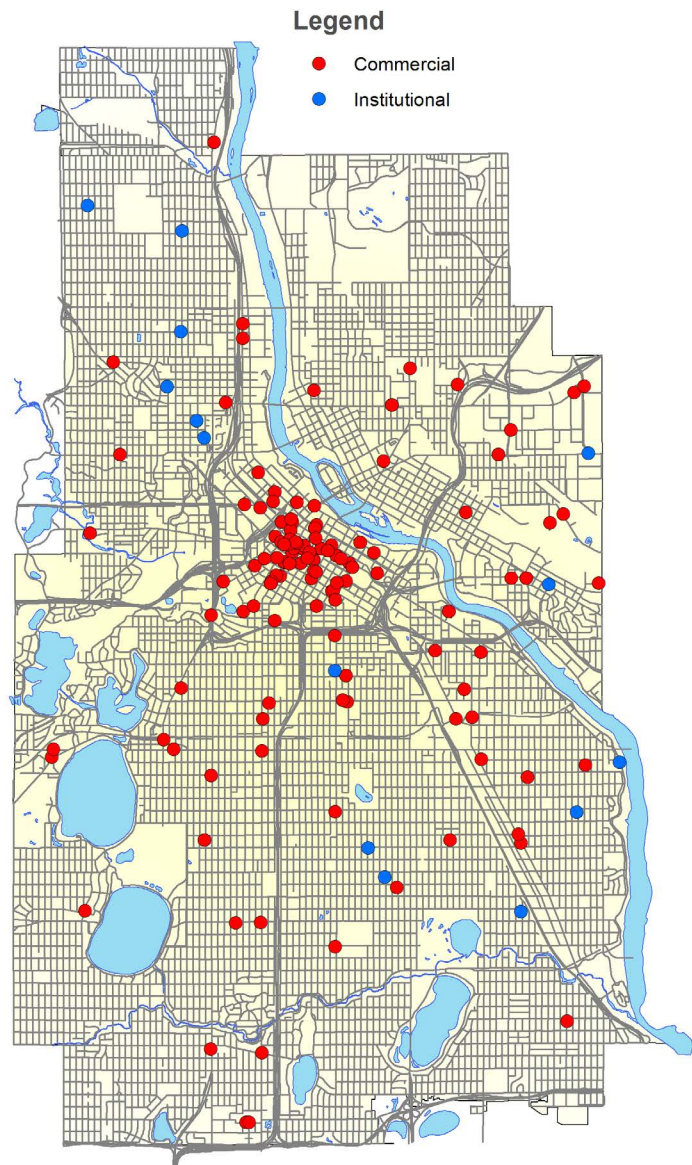


## Conversions, remodels & additions

Non-residential remodel permits in the first quarter were again concentrated in the downtown sector of the city, with a relatively even distribution of permits throughout the rest of the city.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 2Q-16**  
projects \$50,000 +

Source: Minneapolis CPED



## Major construction projects

The following list shows major projects permitted in Minneapolis in the second quarter of 2016. The dollar amounts only

reflect projected construction cost (not land acquisition or soft costs) for permits issued.

Permit amounts do not indicate actual project costs and are an estimate used for the purposes of permit issuance only.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$
HCMC Ambulatory Care Facility	715 8th St S	Elliot Park	\$ 78,479,458
Hospital Expansion	5101 Minnehaha Ave	Hiawatha	\$ 49,367,746
Target Center Remodel	600 1st Ave N	Downtown West	\$ 42,196,846
New Office Building	2225 Lake St E	Corcoran	\$ 32,790,614
Below Grade Parking Structure	523 8th St S	Elliot Park	\$ 22,084,768
Office Remodel	706 2nd Ave S	Downtown West	\$ 19,648,461
New 125-unit Apartment Building	1300 Lake St W	Lowry Hill East	\$ 17,322,433
New 71-unit Apartment Building	617 Lowry Ave N	Hawthorne	\$ 13,276,455
Office Remodel	245 Marquette Ave	Downtown West	\$ 9,942,538
Viking's Stadium Internal Buildout	401 Chicago Ave	Downtown East	\$ 7,801,805
New Library	4414 Humboldt Ave N	Webber-Camden	\$ 5,700,000
Church Remodel	1723 Bryant Ave N	Near North	\$ 3,510,000
Apartment Remodel	2625 Stevens Ave	Whittier	\$ 3,500,000
Office Remodel	300 6th St S	Downtown West	\$ 3,477,440
Office Remodel	515 Washington Ave N	Northloop	\$ 3,467,750
New Mixed Use Building	1714 Lake St W	East Isles	\$ 3,380,706
Downtown Commons Plaza	300 6th St S	Downtown West	\$ 3,018,903
Viking's Stadium Skyway	728 4th St S	Downtown East	\$ 2,998,282
Office Remodel	225 6th St S	Downtown West	\$ 2,953,761
New 4-story Office Building	513 3rd St S	Downtown West	\$ 2,530,637
Office Remodel	300 6th St S	Downtown West	\$ 2,271,560
Office Remodel	706 2nd Ave S	Downtown West	\$ 2,236,403
Office Remodel	501 Nicollet Mall	Downtown West	\$ 2,135,996
Restaurant Buildout	530 4th St S	Downtown West	\$ 2,000,000
YWCA Remodel	1130 Nicollet Mall	Downtown West	\$ 1,981,969
Viking's Stadium Internal Buildout	401 Chicago Ave	Downtown East	\$ 1,979,691
New 24-unit Apartment Building	3535 Grand Ave S	Lyndale	\$ 1,940,824
Restaurant Remodel	528 University Ave SE	Marcy-Holmes	\$ 1,789,000
New Bank Building	1505 Lake St W	Ecco	\$ 1,634,630
Office Remodel	730 8th St S	Elliot Park	\$ 1,589,000
School Remodel	300 Industrial Blvd	Mid City Industrial Area	\$ 1,541,517
Demolition of 10-story Office Building	1221 Nicollet Mall	Loring Park	\$ 1,468,000
City Hall Clock Tower Repairs	315 4th St S	Downtown West	\$ 1,399,722
Restaurant Remodel	165 13th Ave NE	Sheridan	\$ 1,383,004
Exterior Remodel	3104 Lake St W	Cedar-Isles-Dean	\$ 1,335,123
YWCA Remodel	1130 Nicollet Mall	Downtown West	\$ 1,274,130
New Bank Building	30 4th St NE	Nicollet Is/East Bank	\$ 1,247,340
Viking's Stadium Internal Buildout	401 Chicago Ave	Downtown East	\$ 1,191,026
Apartment Remodel	3116 Oliver Ave N	Jordan	\$ 1,122,713
Exterior Remodel	300 6th St S	Downtown West	\$ 1,080,000
Office Remodel	1117 Marquette Ave	Downtown West	\$ 1,034,452

\* Includes more than one permit at one address

Source: Minneapolis CPED

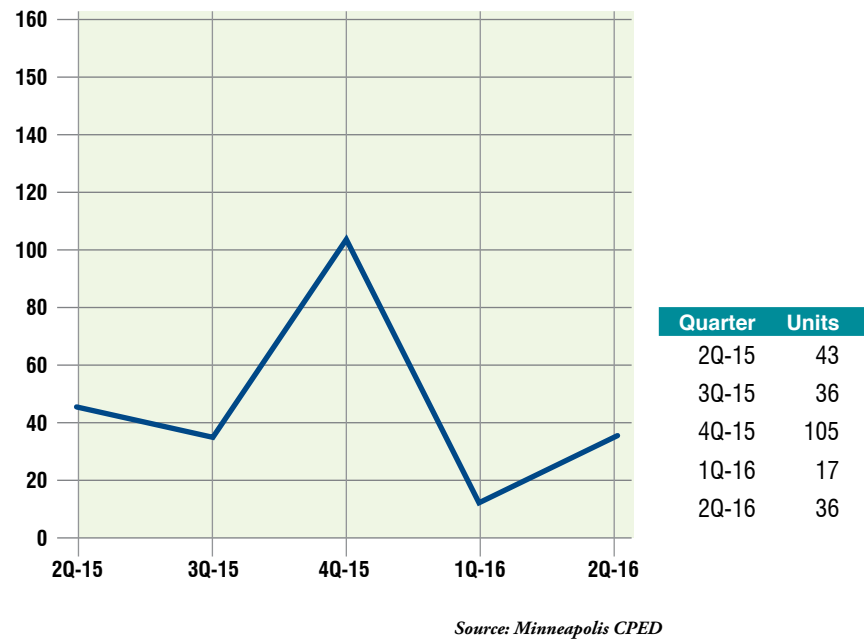


# Demolitions

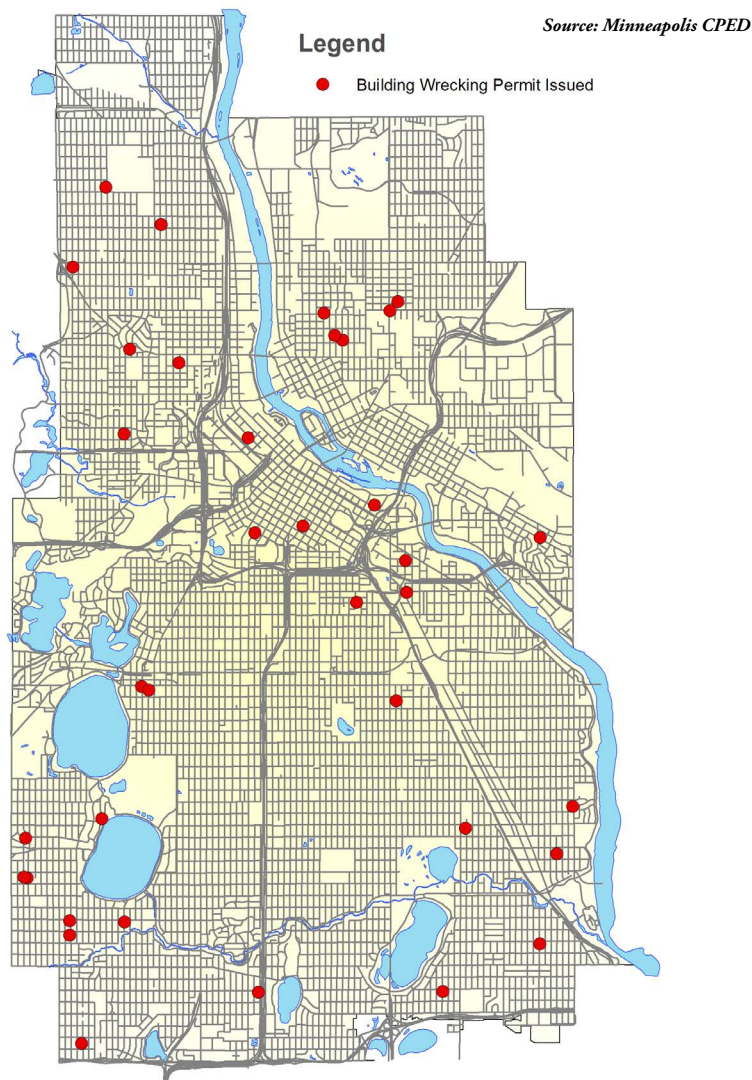
Residential demolitions increased this quarter when compared to the previous quarter and decreased when compared to the same quarter from 2015.

Demolitions continue to be focused in areas of the city where sites are prepped for the construction of new developments.

Figure 9: RESIDENTIAL UNITS DEMOLISHED – Minneapolis



Map 4: DEMOLITIONS –2Q-16



**Building permits for new construction:** Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis Regulatory Services may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

**Single-family** buildings have only one unit in the building.

**Multifamily** buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

**Cost of residential construction** is based on the cost developers report on permit requests for their projects.

**Construction cost per unit** refers to the total construction cost reported divided by the number of units permitted during the period considered.

**Non-residential** buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

**Building permits for residential remodeling, additions and conversions:** Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

**Building permits for demolitions:** These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

**Maps – Building uses:** Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

### Map 1 – New buildings

**Single-family:** means detached dwellings.

**Other residential:** means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

**Mixed-use residential:** means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

**Non-residential use:** means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

### Map 2 – Residential remodels with a construction cost of \$50,000 or more:

**Single-family** includes all detached single-family dwellings with permits for renovations, additions or improvements.

**Other residential** includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

**Conversions** consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

### Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

**Commercial** includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

**Institutional:** This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

**Transportation** related includes parking, skyways and bus and rail terminals.

### Map 4 – Demolitions

**Single family buildings:** All detached residential buildings with one unit in the structure.

**Multi-family buildings:** All residential buildings with 2 or more units in the structure.

**Non-residential:** All non-residential buildings and structures





## Residential and Commercial Real Estate Market

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- The average apartment vacancy rate in Minneapolis decreased to 3.7 percent in the second quarter of 2016 after increasing to 4.0 percent in the first quarter of 2016. The vacancy rate is also down from the 4.6 percent rate seen in the second quarter of 2015.
- The number of traditional housing sales increased by 0.3 percent over the same quarter last year, while lender-mediated sales decreased by 25.4 percent. Average prices on traditional housing sales increased by 5.1 percent from the previous quarter, and decreased 15.8 percent over the same quarter last year.
- Foreclosure sales decreased by 10.9 percent from the previous quarter, and decreased by 17.4 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) ranged between 13.2 percent and 15.5 percent this quarter, depending on the firm reporting. Retail vacancies in the CBD ranged from 12.9 percent to 14.2 percent.

## Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis decreased to 3.7 percent. The metro area vacancy rate decreased this quarter to 2.9 percent.

Table 7: **VACANCY RATE AND AVERAGE RENT**  
in current dollars

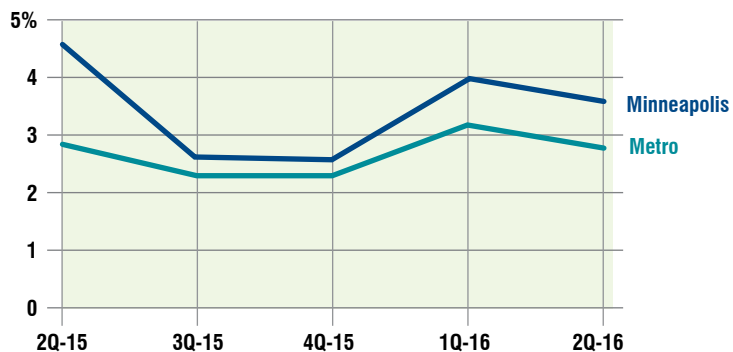
	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
<b>Minneapolis</b>					
Units surveyed	20,884	21,068	21,345	22,366	22,656
Vacant units	954	551	537	888	832
Average rent	\$ 1,228	\$ 1,238	\$ 1,226	\$ 1,241	\$ 1,264
Vacancy rate	4.6%	2.6%	2.5%	4.0%	3.7%
<b>Metro area</b>					
Units surveyed	120,668	127,793	129,029	130,428	132,252
Vacant units	3,440	2,905	2,947	4,048	3,901
Average rent	\$ 1,055	\$ 1,053	\$ 1,053	\$ 1,072	\$ 1,078
Vacancy rate	2.9%	2.3%	2.3%	3.1%	2.9%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**  
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

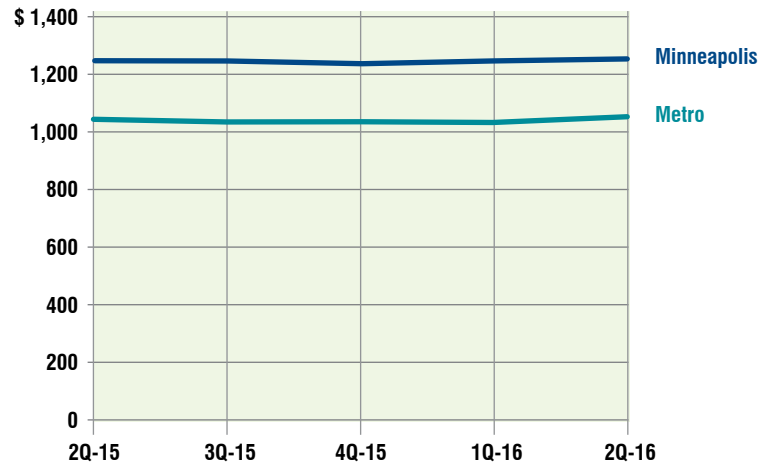
## Apartment vacancy rates & average rents

At \$1,264, Minneapolis average rent in inflation-adjusted dollars increased when compared to the previous quarter and when compared to the same quarter of last year. In the metro area average rent was \$1,078, an increase from the previous quarter and an increase when compared to the same quarter of the previous year.

The vacancy rate fell in the Downtown and Southwest sectors over the last quarter, while it increased in the North, South, and East sectors. Compared to the same quarter last year the vacancy rate fell in the Downtown, Southwest, and North sectors, while rising in the South and East sectors. The largest change from year to year occurred in Southwest, where the vacancy rate decreased from 4.1 percent in the second quarter of 2015, down to 1.7 percent in the second quarter of 2016.

\* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**  
in current dollars



In inflation-adjusted dollars

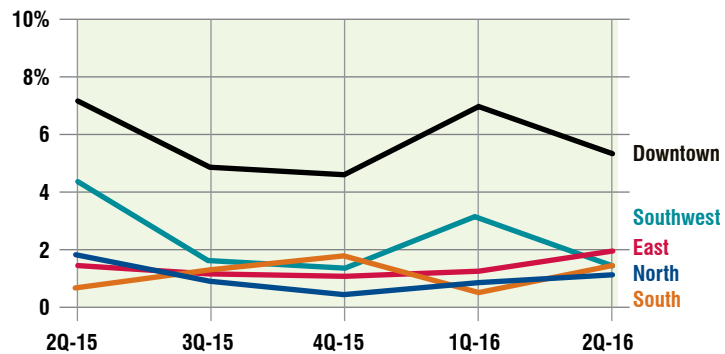
	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Minneapolis	\$ 1,249	\$ 1,250	\$ 1,238	\$ 1,241	\$ 1,264
Metro area	\$ 1,073	\$ 1,063	\$ 1,063	\$ 1,072	\$ 1,078

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

\* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS\***  
in percent



	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Downtown	7.0%	4.4%	4.2%	7.1%	5.7%
Southwest	4.1%	1.8%	1.5%	2.6%	1.7%
North	1.9%	1.4%	1.1%	1.1%	1.4%
South	0.8%	1.5%	1.9%	0.9%	1.5%
East	1.7%	1.5%	1.4%	1.6%	2.0%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

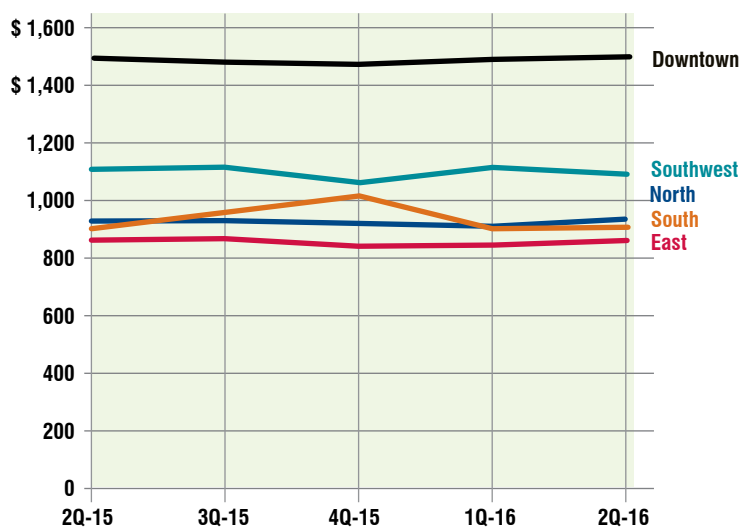
\* For sector definitions, see [page 41](#).

## Apartment vacancy rates & average rents

Average *inflation adjusted* rents increased over the previous quarter in all sectors except for Southwest. On a year to year basis, rents increased the most in Downtown Minneapolis (1.9 percent, or 29 dollars).

\* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS\***  
in inflation-adjusted dollars



	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Downtown	\$ 1,518	\$ 1,526	\$ 1,505	\$ 1,544	\$ 1,547
Southwest	\$ 1,160	\$ 1,161	\$ 1,045	\$ 1,159	\$ 1,074
North	\$ 958	\$ 958	\$ 955	\$ 953	\$ 956
South	\$ 954	\$ 972	\$ 1,016	\$ 951	\$ 959
East	\$ 917	\$ 921	\$ 895	\$ 898	\$ 901

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

\* For conversion factors, see [page 42](#).

\*\* For City sectors definition see [page 41](#).

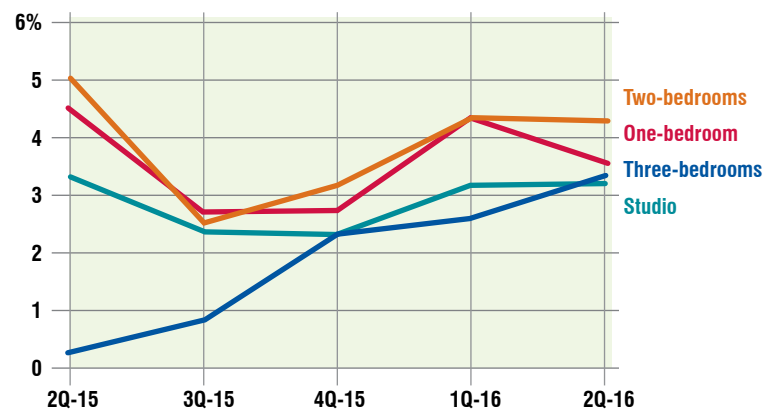
## Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates increased for three-bedroom apartments, held static for studio and two-bedroom units, and fell for one-bedroom units. In comparison with the same quarter from the previous year, vacancy rates decreased for all apartment types except for three-bedroom apartments.

Average rents in *inflation-adjusted* dollars increased for all apartment types when compared to the previous quarter. Rents for all unit types except for two-bedroom units increased when compared to the same quarter from the previous year.

\* For conversion factors, see [page 42](#).

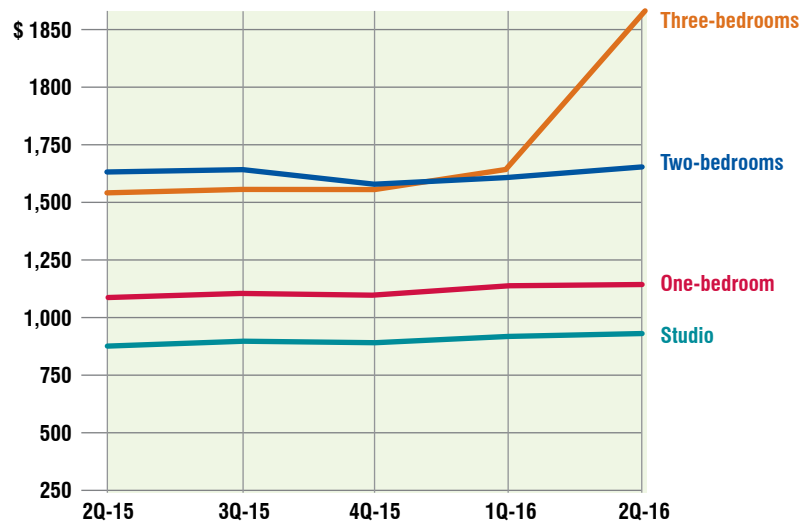
Figure 14: **RENTAL VACANCY RATE** – Minneapolis  
in percent by apartment type



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

Figure 15: **AVERAGE UNIT MONTHLY RENT** – Minneapolis  
in inflation-adjusted dollars by apartment type



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

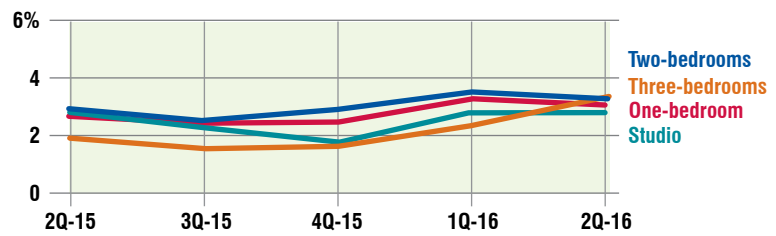
Recorded data for the last month of the quarter.

## Apartment vacancy rates & average rents

In the metro area vacancy rates held static for studio apartments, decreased for one- and two-bedrooms, and increased for three-bedroom units when compared to the previous quarter. All unit types except for studio apartments saw an increase in vacancy when compared to the same quarter from the previous year.

Average rents in *inflation-adjusted* dollars in the metro increased for all unit types except for two-bedrooms when compared to the previous quarter. When compared to the same quarter from the previous year all unit types saw rents increase.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area  
in percent by apartment type

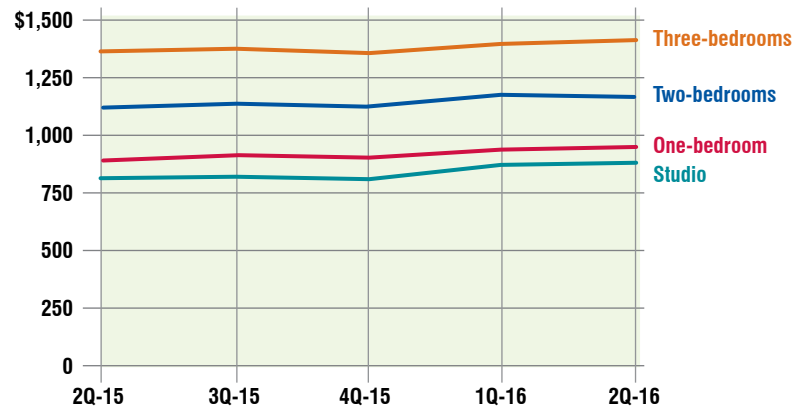


	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Studio	2.7%	2.1%	1.9%	2.6%	2.6%
One-bedroom	2.6%	2.3%	2.3%	3.1%	2.7%
Two-bedroom	2.7%	2.3%	2.5%	3.3%	2.9%
Three-bedroom	2.0%	1.8%	1.9%	2.2%	2.9%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter  
For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area  
in inflation-adjusted dollars by apartment type



	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Studio	\$821	\$826	\$822	\$844	\$847
One-bedroom	\$929	\$935	\$923	\$943	\$948
Two-bedroom	\$1,138	\$1,143	\$1,132	\$1,156	\$1,155
Three-bedroom	\$1,385	\$1,395	\$1,383	\$1,402	\$1,412

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

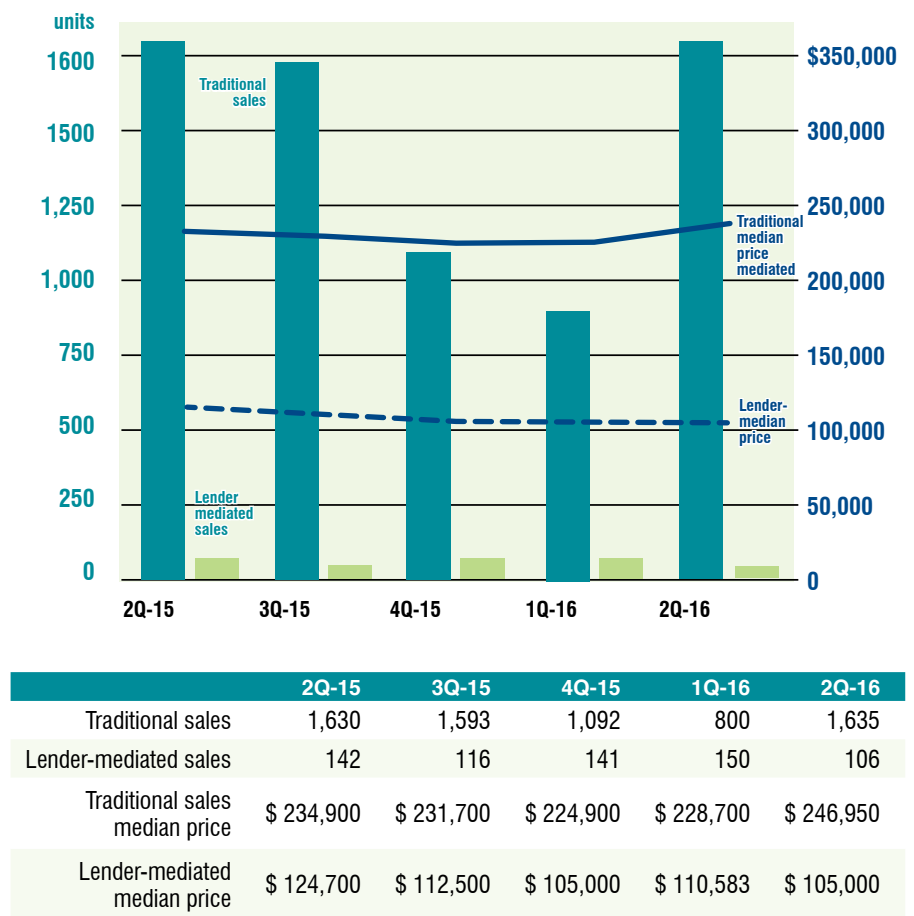
## Residential sales

Overall sale of housing units increased from the previous quarter. This included an increase in traditional sales (104.4 percent) and an increase in lender-mediated sales (0.3 percent). Median prices for the quarter increased for traditional sale while decreasing for lender-mediated sales. The median price of traditional sales in Minneapolis (\$246,950) remained comparable to of the regional median sale price (\$244,000) this quarter.

Over a twelve-month period, the number of traditional housing sales increased by 0.3 percent, while lender-mediated sales decreased by 25.4 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (5.1 percent) and fell for lender-mediated sales (15.8 percent). This quarter lender-mediated sales including foreclosures were 6 percent of all housing sales in the city, while they accounted for 8 percent of sales in the same quarter of the previous year.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE— Minneapolis**

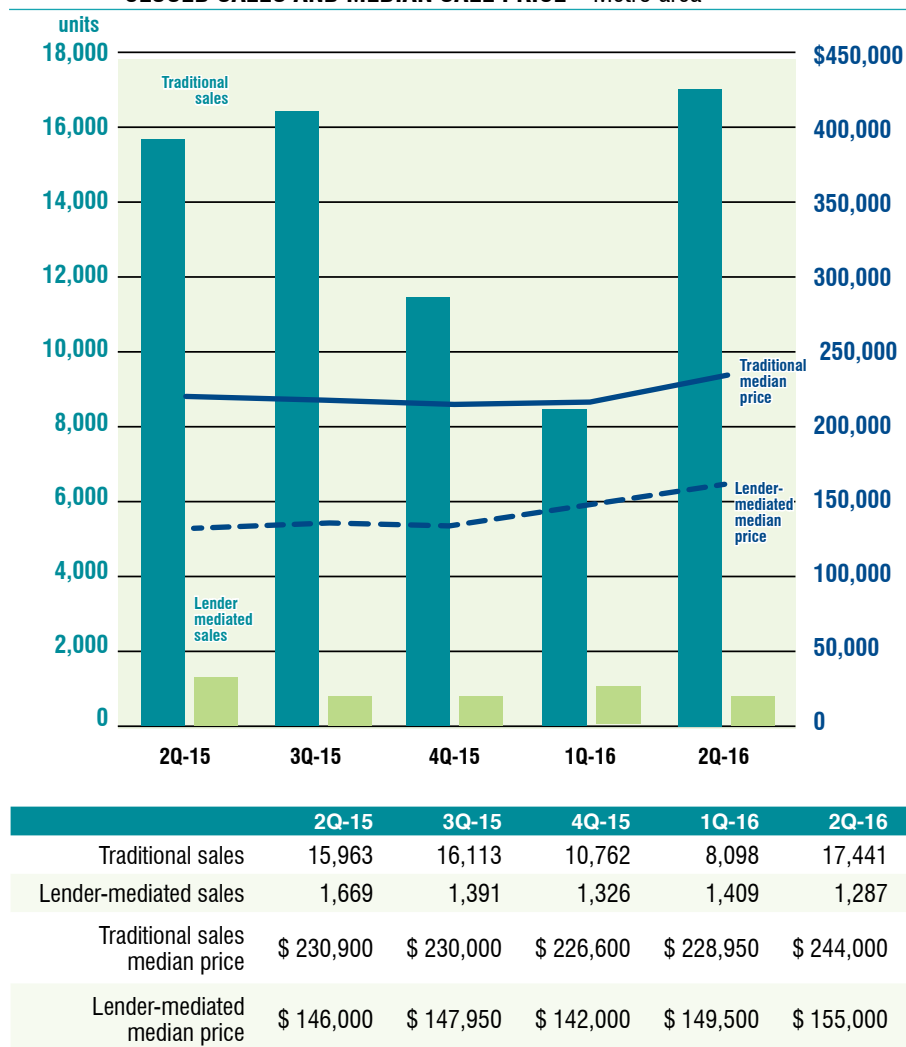


Source: Minneapolis Area Association of Realtors (MAAR)

## Residential sales

In the metro area traditional sales were up from the previous quarter by 115.4 percent, while lender-mediated sales decreased by 8.7 percent. Median sale prices for traditional sales rose by 6.6 percent while lender-mediated median sale prices increased by 3.7 percent.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE – Metro area\***



Source: *Minneapolis Area Association of Realtors (MAAR)*

\* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

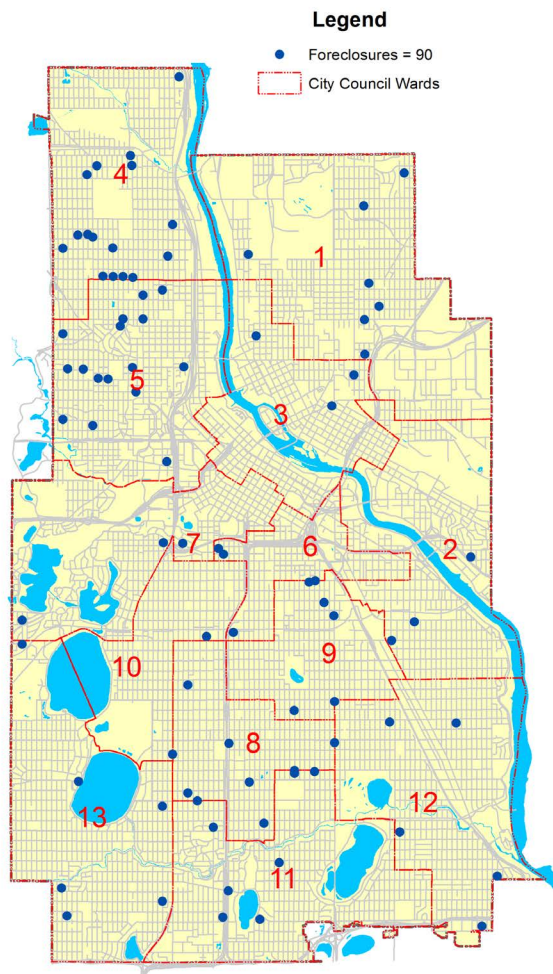
For metro area definition, see [page 41](#)



## Foreclosures

This quarter 90 properties were sold at public auction, 10.9 percent fewer than the previous quarter, and 17.4 percent fewer than the second quarter of 2015.

**MAP 5: PROPERTIES FORECLOSED – 2Q-16**  
by wards



Source: Hennepin County

Data on foreclosures downloaded as of April 2015. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

**Table 8: FORECLOSURE PROPERTIES – Minneapolis**  
by ward

Ward	2Q-15		3Q-15		4Q-15		1Q-16		2Q-16	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	11	10%	12	7%	12	10%	3	3%	7	8%
2	5	5%	4	2%	4	3%	6	6%	3	3%
3	3	3%	3	2%	5	4%	2	2%	4	4%
4	28	26%	29	17%	36	29%	26	26%	16	18%
5	16	15%	12	7%	15	12%	19	19%	17	19%
6	3	3%	3	2%	1	1%	3	3%	5	6%
7	3	3%	4	2%	9	7%	2	2%	4	4%
8	13	12%	11	6%	6	5%	9	9%	7	8%
9	6	6%	5	3%	9	7%	13	13%	5	6%
10	2	2%	3	2%	4	3%	3	3%	1	1%
11	3	3%	10	6%	7	6%	6	6%	8	9%
12	12	11%	3	2%	12	10%	5	5%	7	8%
13	4	4%	2	1%	5	4%	4	4%	6	7%
<b>Total</b>	<b>109</b>	<b>100%</b>	<b>101</b>	<b>100%</b>	<b>125</b>	<b>100%</b>	<b>101</b>	<b>100%</b>	<b>90</b>	<b>100%</b>

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at <http://www4.co.hennepin.mn.us/webforeclosure/>

## Foreclosures

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis  
in units



Source: Hennepin County

## Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city decreased from the last quarter to 491, which was 7.5 percent lower than at the end of the second quarter of 2015. The number of condemned buildings fell by 1.9 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased by 12.9 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS**

Source: Minneapolis CPED

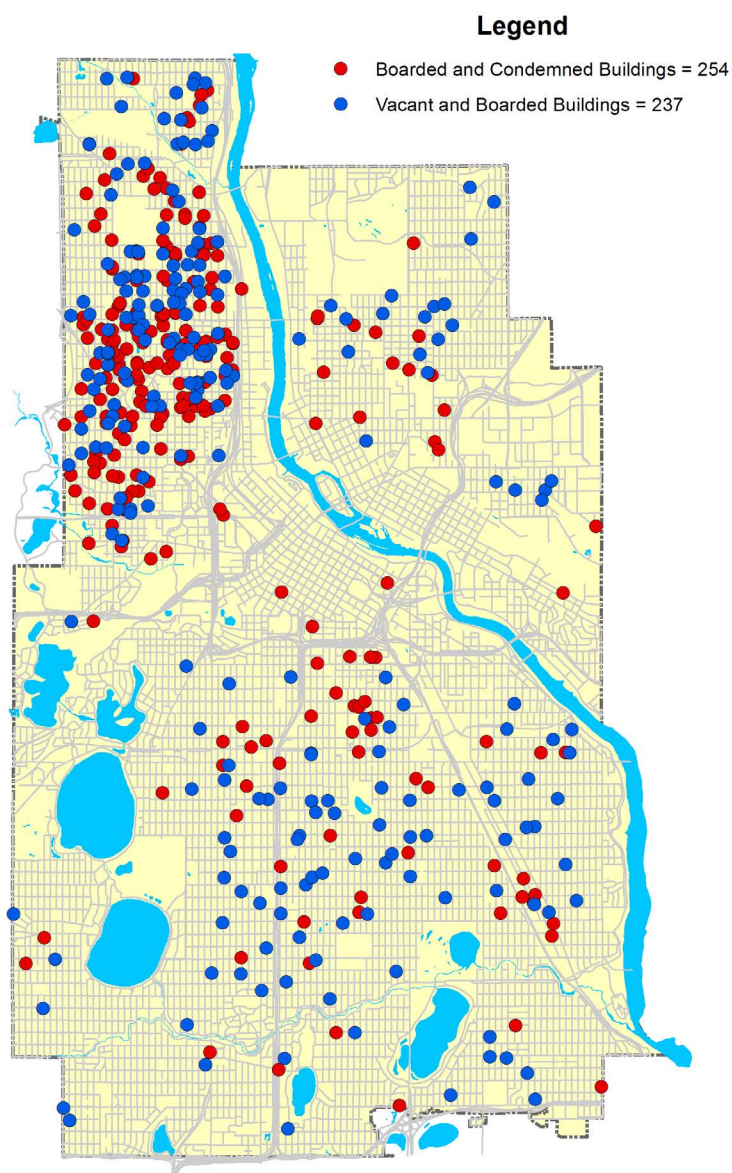


Table 9: **CONDEMNED AND VACANT BUILDINGS – Minneapolis**  
as of the end of the quarter

	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Boarded and condemned buildings	259	263	258	253	254
Vacant but not condemned	272	272	295	277	237
Total	531	535	553	530	491

Source: Minneapolis CPED

Note: About 98 percent of the buildings in the table are residential.

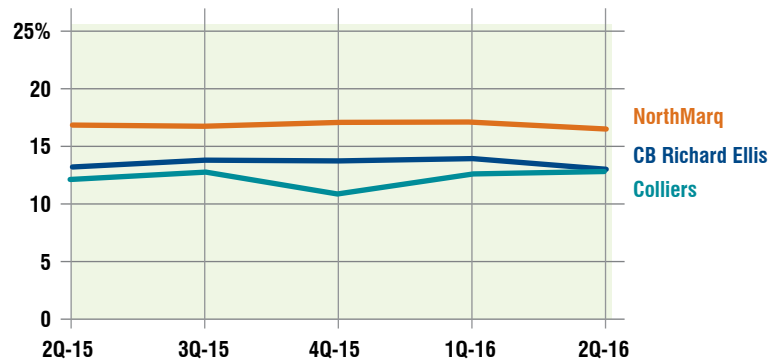
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

## Office space

The office vacancy rate was between 13.2 percent and 15.5 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain larger blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 13.5 percent and 15.6 percent, according to the above real estate firms. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties.

Figure 21: **OFFICE SPACE VACANCY RATE – Minneapolis CBD**  
in percent

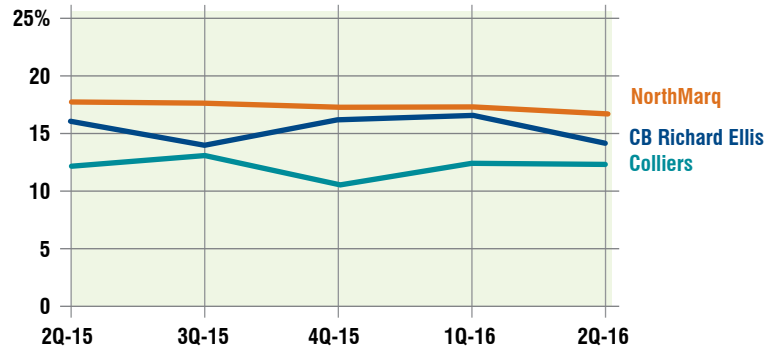


	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16
CB Richard Ellis	13.3%	13.8%	13.6%	13.7%	13.2%
Colliers	12.9%	13.2%	10.6%	12.7%	13.2%
NorthMarq	15.6%	15.6%	15.7%	15.7%	15.5%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE – Metro area**  
in percent



	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16
CB Richard Ellis	15.3%	14.8%	15.5%	15.9%	14.8%
Colliers	12.5%	14.1%	10.1%	13.5%	13.5%
NorthMarq	16.4%	16.4%	16.0%	16.0%	15.6%

Sources: CB Richard Ellis, Colliers and NorthMarq

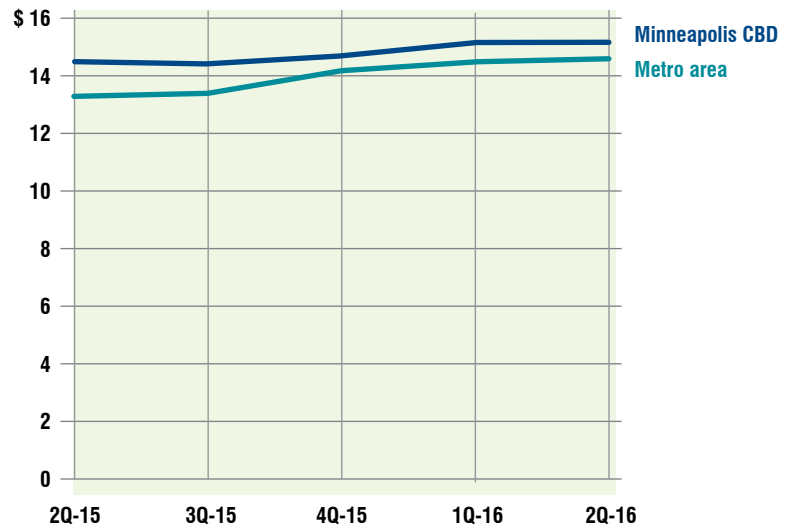
See explanation of sources on [page 42](#)

## Office space

When compared to the previous quarter the average asking lease rate per square foot in the Minneapolis central business district (CBD) and the metro area increased. When compared to the previous year rents in the Minneapolis CBD are up 8.2 percent.

Compared to the previous quarter the rate of growth in occupied office space in Downtown Minneapolis fell while rising in the Metro area as a whole. An additional 226,000 fewer square feet of office space was occupied in the Minneapolis CBD when compared to the previous quarter, and 37,000 fewer square feet of office space was occupied in the Minneapolis CBD when compared to the previous year. The fall in occupied square footage can almost entirely be attributed to the demolition of a 200,000 square foot office building on Nicollet Mall.

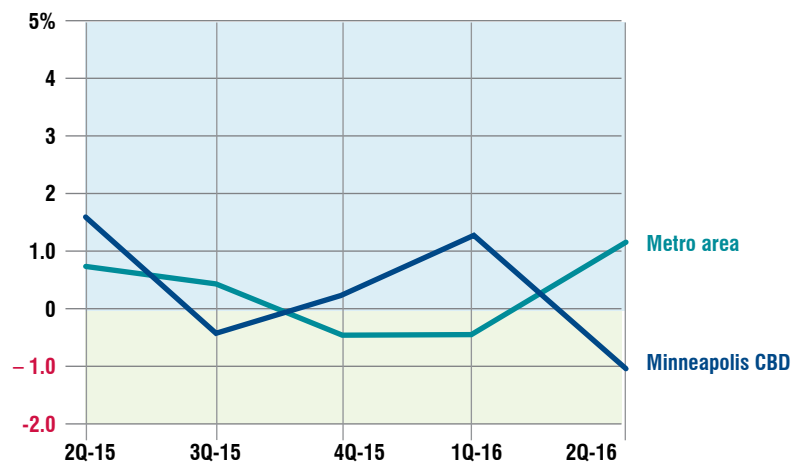
Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**  
in current dollars per square foot per year



Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE – rate of growth**  
in percent



Source: CB Richard Ellis

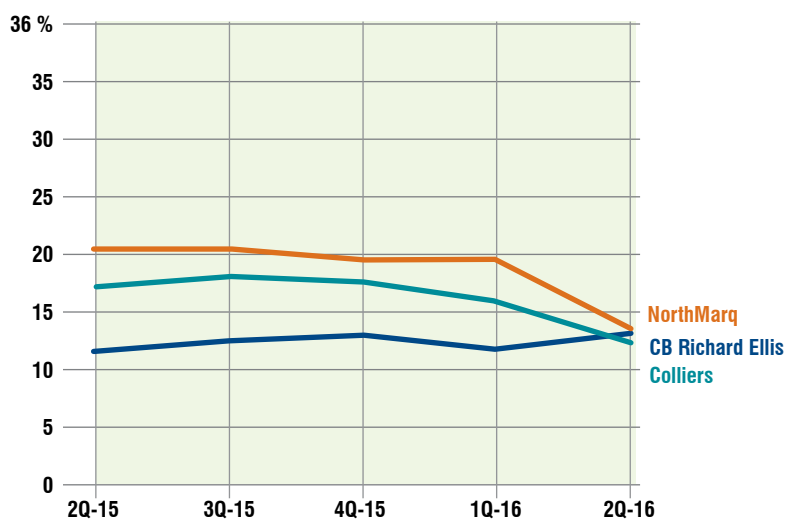
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

## Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 11.8 and 14.2 percent. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done by each reporting firm.

The metro area vacancy rate this quarter ranged from 3.5 percent to 6.8 percent.

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**  
in percent

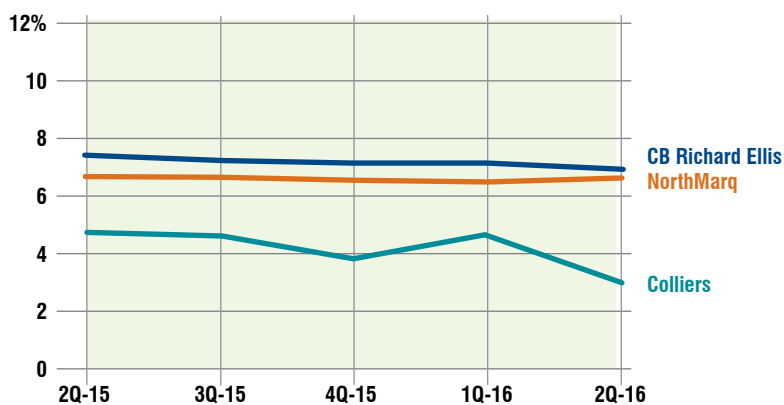


	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16
CB Richard Ellis	11.8%	12.5%	12.9%	12.1%	12.9%
Colliers	16.2%	17.4%	16.0%	15.3%	11.8%
NorthMarq	20.1%	20.1%	19.5%	19.5%	14.2%

Sources CB Richard Ellis and NorthMarq

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 26: **RETAIL VACANCY RATE – Metro area**  
in percent



	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16
CB Richard Ellis	7.3%	7.2%	7.1%	7.1%	6.8%
Colliers	4.4%	4.3%	3.9%	4.4%	3.5%
Northmarq	6.6%	6.6%	6.6%	6.6%	6.7%

Sources: CB Richard Ellis, Colliers and NorthMarq

CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

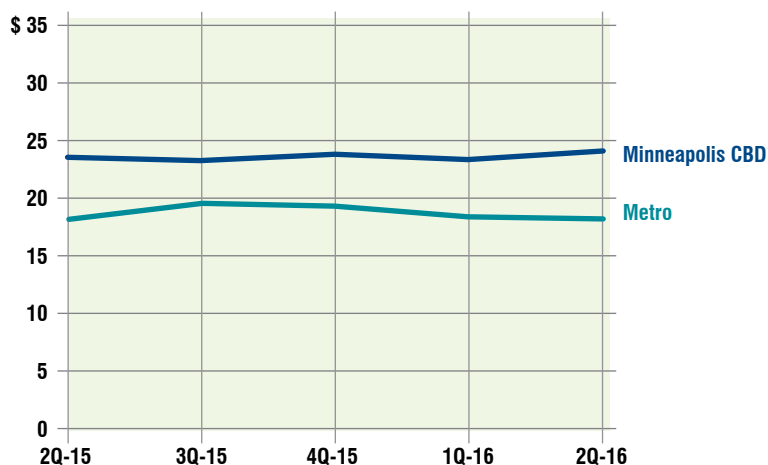
## Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) increased when compared to the previous quarter's numbers and when compared to the second quarter of 2015.

In the metro area, average asking lease price decreased over the previous quarter and when compared to the second quarter of 2015.

The Minneapolis central business district (CBD) experienced a decreased growth rate in occupied retail space when compared to the previous quarter, while the growth rate in the metro area as a whole increased.

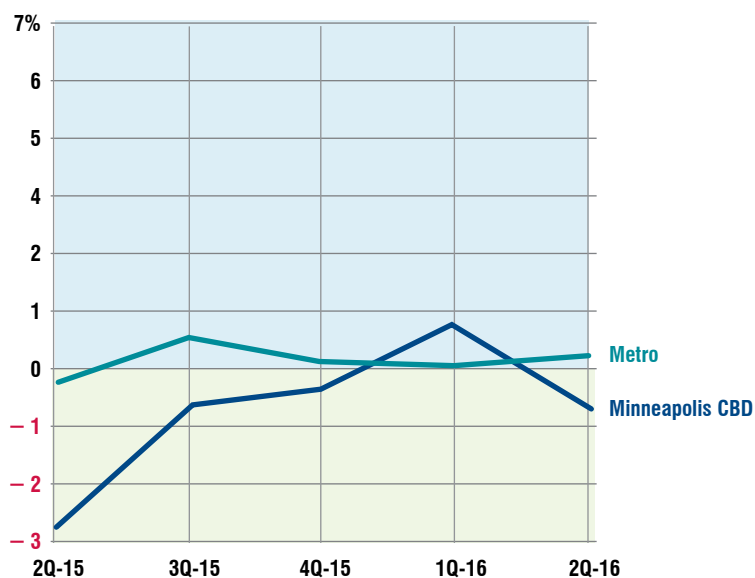
Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**  
in current dollars per square foot per year



Source: CB Richard Ellis

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 28: **OCCUPIED RETAIL SPACE – rate of growth**  
in percent



Source: CB Richard Ellis

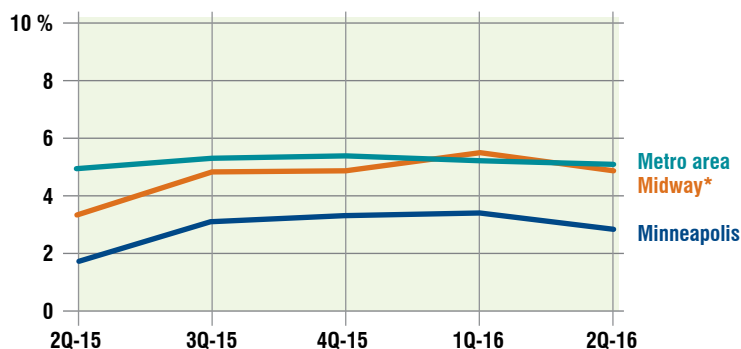
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

## Industrial space

The industrial space total vacancy rate decreased over the previous quarter in all geographies. Vacancy rates increased in both Minneapolis and Midway areas when compared to the previous year, while holding steady in the metro area overall.

The average asking lease price for industrial space increased in the Minneapolis and Midway geographies while falling in the metro area when compared to the previous quarter. Asking lease rates also increased in the Minneapolis and Midway geographies while falling in the metro area for the same quarter from the previous year.

Figure 29: **INDUSTRIAL VACANCY RATE**  
in percent



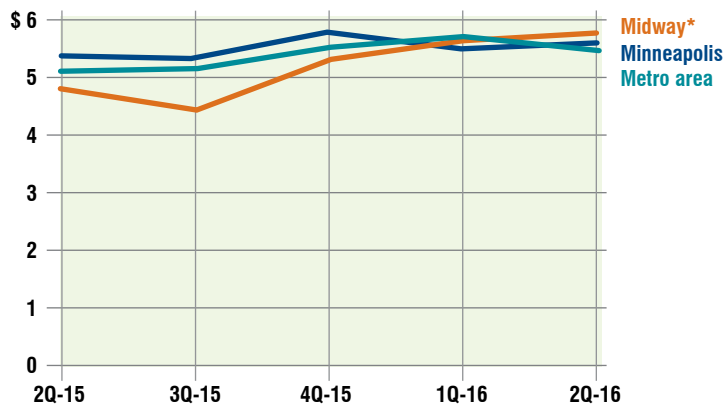
	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Minneapolis	1.9%	3.6%	3.7%	3.8%	3.4%
Midway*	3.8%	5.1%	5.0%	5.8%	4.8%
Metro area	5.0%	5.5%	5.6%	5.2%	5.0%

Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

\*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**  
in dollars per square foot per year



	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Minneapolis	\$ 5.43	\$ 5.36	\$ 5.84	\$ 5.44	\$ 5.56
Midway*	\$ 4.75	\$ 4.27	\$ 5.47	\$ 5.54	\$ 5.66
Metro area	\$ 5.11	\$ 5.19	\$ 5.52	\$ 5.57	\$ 5.52

Source: CB Richard Ellis

Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

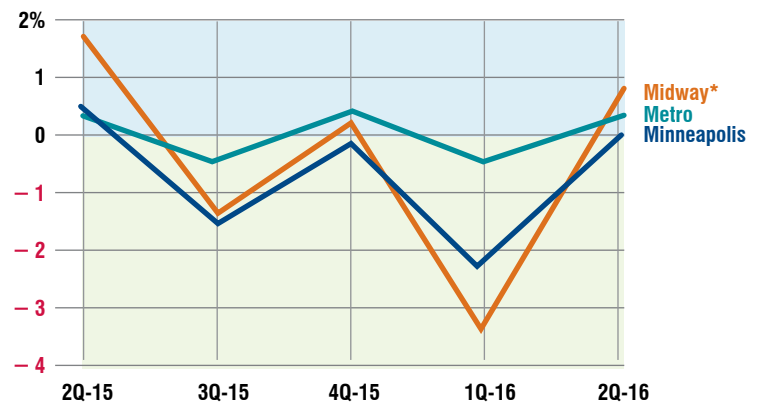
\*Midway includes industrial areas of northeast Minneapolis and Saint Paul.



## Industrial space

Industrial absorption rates increased across all geographies when compared to the previous quarter.

Figure 31: **OCCUPIED INDUSTRIAL SPACE** – rate of growth in percent



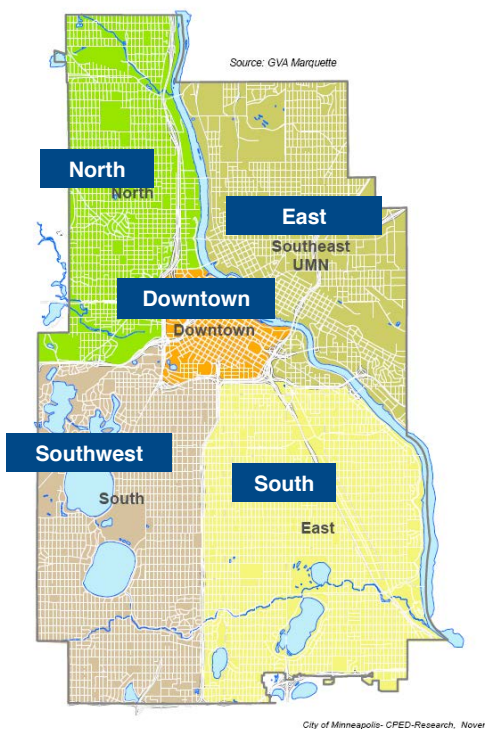
	2Q-15	3Q-15	4Q-15	1Q-16	2Q-16
Minneapolis	0.7%	-1.7%	-0.1%	-2.4%	0.0%
Midway*	1.7%	-1.4%	0.1%	-3.4%	0.7%
Metro area	0.2%	-0.4%	0.3%	-0.3%	0.4%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

\*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

## Definitions & sources



- **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- **City areas:** : For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below.  
Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

**Real estate statistics** as reported by CB Richard Ellis include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers, and Cushman & Wakefield-NorthMarq ()

- **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys.

Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

**Inflation-adjusted figures:** For the purpose of analyzing residential rent, text is based on values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size “class A” (more than 1.5 million people).



## Minneapolis Community Planning & Economic Development

### Long Range Planning

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